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INFO RUCNOSC/OSCE COLLECTIVE IMMEDIATE  
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C O N F I D E N T I A L SECTION 01 OF 04 LONDON 007623

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E.O. 12958: DECL: 10/23/2016  
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SUBJECT: (C) CENTRAL ASIA: SCA DAS FEIGENBAUM'S  
CONSULTATIONS WITH FCO AND DFID

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Classified By: PolMinCouns Maura Connelly; reason 1.4 (b, d)

11. (C) SUMMARY: SCA DAS Evan Feigenbaum met in London October 23 with officials of the UK's Foreign and Commonwealth Office (FCO) and the Department for International Development (DFID), to exchange views on policy and programs in Central Asia. Key policy points:

- Both countries seek to bolster the sovereignty and independence of the five Central Asian states; policy and programs flow from that shared strategic goal.
  - The USG and UK are willing to support Kazakhstan's bid to chair the OSCE, but only when it meets the standards expected of a Chairman in Office. Realistically, this cannot happen in time for a 2009 chairmanship. The UK position tracks closely with the U.S. view, including on steering Kazakhstan toward 2011.
  - The USG wants the EU to maintain sanctions on Uzbekistan; London concurs but notes the Germans, in particular, have a different view.
  - In the run-up to November 2 elections in Kyrgyzstan, the USG and EU need to deliver parallel and consistent messages to both government and opposition that they must (a) avoid violence; (b) act legally; and (c) act constitutionally. In addition to these parallel private messages, we should consider a public statement, depending on how the situation develops.
  - In Central Asia, DFID conducts programs only in the Kyrgyz Republic and Tajikistan, but seeks to increase its annual assistance from GBP 5.5 million and GBP 3.5 million respectively now to GBP 10 million each by 2010.
- END SUMMARY.

(U) FCO  
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12. (U) Simon Smith, FCO Director for Russia, South Caucasus and Central Asia(RusSCCAD), chaired a two-hour meeting, focused mainly on strategy and policy but with participation from officials responsible for assistance programs. Participants:

USG: SCA DAS Evan Feigenbaum; SCA Senior Adviser for regional economic integration Robert Deutsch; EUR/ACE Director Tom Adams; EUR/ACE Deborah Klepp; Poloff (notetaker).

UK: Smith; RusSCCAD Deputy Head Andy Page; Central Asia Section Head Mike Welch; OSCE/Council of Europe Team Leader Lisa Whanstall; Caspian Energy Adviser Angus Miller; DFID Head of Europe and Central Asia Pauline Hayes.

13. (C) OVERVIEW: Smith said Europe needs to sharpen its focus on Central Asia and to devote more resources to it. Germany's intention to do just that during its EU Presidency (first half of 2007) is welcome. Feigenbaum provided an overview of U.S. strategy and policy, noting that his visit to London reflects the USG's desire to work more closely with key partners in Central Asia, but also to fold strategy/policy together with programs/budgets in an integrated consultation with key partners, notably the UK, Germany and Japan. He rejected the mentality and vocabulary of the "Great Game" as an insult to Central Asians, reducing them to the "passive receptacles" of the strategies of outside powers. The reality, he said, is the U.S. is focused on Central Asians themselves, bolstering their sovereignty and independence. The five states, he said, are not the "objects of struggle" with third countries but the focus of U.S. policy. Unfortunately, he admitted, others, including Russia, often appear to see relationships in Central Asia in competitive terms; he noted challenges in the Russian-dominated media space. But, he said, the USG is succeeding in Central Asia with a multi-dimensional approach focused on security, economics, democracy and transnational issues, but also on issues that wedge across the seams of these baskets. For example, rule of law is not just a democracy/governance issue; it also enhances economic and commercial development by creating predictability and transparency. Likewise on customs and borders, which are both security and economic issues. In addition to policy

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consultations, Feigenbaum and Smith agreed U.S. and UK analysts should meet to think systematically about the region, including issues of political succession.

14. (C) KAZAKHSTAN: Smith provided a parallel overview of UK policy. UK priorities, he noted, often track closely with USG priorities. Kazakhstan is a key UK focus. Smith noted that Kazakhstan's President Nazarbayev is due to visit London November 21, and the UK has substantial investment and interests in that country. Within the EU, he acknowledged that, while Germany broadly shares the UK strategy for Central Asia, it differs on specific issues, including Kazakhstan's bid to chair the OSCE in 2009: the UK agrees with the USG that Kazakhstan does not yet meet OSCE standards, whereas Germany supports the candidacy for 2009. Whanstall added that HMG wants the GOK formally to defer its candidacy from 2009 to a later date by the time of this year's OSCE ministerial on December 4; the UK will be lobbying EU members this week against the idea of postponing a decision on Kazakhstan's candidacy from December for an additional six months. Page said the UK has advised Kazakhstan it would help itself with the OSCE by not being so close to Russia and so understanding of Uzbekistan's misbehavior.

15. (C) Feigenbaum stressed that the United States has a positive and multi-faceted relationship with Kazakhstan. Reflecting this, Nazarbayev's recent visit to Washington had gone very well. Feigenbaum welcomed the UK position on Kazakhstan's OSCE bid, agreeing that postponement is a bad idea and arguing for a "clean decision" in December: even the GOK, he said, had at various points expressed interest in a clean decision. Neither the USG nor Kazakhstan are seeking confrontation. Washington is prepared to give technical support to Kazakhstan in meeting the standards by 2011, provided it is willing to implement commitments. The way forward, he said, is for the GOK to commit to major reforms,

notably the four reforms mentioned in Kazakhstani DFM Rakhat Aliyev's August speech to the Democratization Commission, and then to agree on implementation steps with OSCE. Progress needs to be assessed according to a common OSCE standard, not a diverse array of individual national standards. Noting that Nazarbayev plans to visit Brussels on December 3, Feigenbaum urged Europe to deliver a consistent message to the GOK about standards and 2011.

¶6. (C) UZBEKISTAN: Smith said the UK has been strong in response to the brutal suppression of protests at Andijon, but Germany and others in the EU say the West should listen more, engage in more dialogue, explore new discussion mechanisms, and be less confrontational with the GOU. He confessed to being puzzled that Germany is so keen to lift sanctions on Uzbekistan and so confident that Tashkent is ready to engage constructively, including on Andijon and human rights. Welch noted Uzbekistan's charm offensive ahead of the EU's decision on renewing sanctions. Regarding a possible Uzbekistan resolution at the UNGA Third Committee, he said HMG would prefer the U.S. draft it: the UK wants to keep its fingerprints off the draft. After the UK's high-profile role last year as the EU President, the UK would prefer not to be isolated within Europe as seeming to pursue a vendetta against Uzbekistan.

¶7. (C) Feigenbaum said the USG once had high hopes for Uzbekistan, but President Karimov's actions suggest he opposes the shared U.S./EU agenda of expanding markets, greater openness, and regional economic integration. Uzbekistan is systematically reducing the American presence in the country. He expressed hope that the EU will maintain its sanctions on the GOU. Washington would like the EU to lead one country-specific UNGA resolution on Central Asia - Uzbekistan or Turkmenistan -- and at least to co-sponsor. Smith said the UK harbors little hope for major improvements during Karimov's tenure. Feigenbaum added the USG remains committed to helping the people of Uzbekistan: even now, we provide the equivalent of ten percent of the GOU's health budget and are vaccinating 700,000 children. Adams said U.S. aid to Uzbekistan increased after 9/11 to \$200 - 300 million per year, but is now down to \$100 million and will fall to \$20 - 25 million because the GOU is closing down the implementing organizations. We are prohibited by law from giving military aid, but some cooperation is continuing on counter-narcotics and export controls, and we would spend

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more money in Uzbekistan if the GOU did not stand in the way (e.g., on educational reform).

¶8. (C) KYRGYZSTAN: Feigenbaum urged the UK to establish a diplomatic presence in Bishkek. Hayes pointed out that DFID is present and donor coordination is excellent under World Bank leadership. Looking ahead to the November 2 elections in Kyrgyzstan, Feigenbaum urged that Europe join the U.S. in delivering parallel messages to both government and opposition that they must avoid violence and act legally and constitutionally. The message should be passed privately for now, but possibly stated publicly closer to November 2, depending on how events unfold. Welch noted that the EU's current draft demarche focuses on the Kyrgyz government, not the opposition, but took the point about the need to speak to both sides.

¶9. (C) REGIONAL INTEGRATION: Deutsch briefed on his activities in support of regional economic integration, including roads, aviation and electricity, as well as USG discussions with the International Financial Institutions and other interested parties. A meeting co-sponsored by the USG and Kazakhstan on the margins of the World Bank/IMF meeting in Singapore, had discussed the subject at length, with Tajik and Kyrgyz participation, as well as UK and other participation; a follow-up meeting is planned at next spring's IFI meeting. The USG sees exciting potential for Central Asia to integrate southward without detriment to its

ties with China and Russia. Electricity transmission to Afghanistan, Pakistan, and India seems like a natural fit: those countries have growing needs for electricity, while Tajikistan and Kyrgyzstan are rich in hydro-power resources; as those resources are seasonal, oil/gas from Kazakhstan would need to be part of the package. Ministers from Kyrgyzstan, Tajikistan, Pakistan and Afghanistan will meet this week in Dushanbe to sign an agreement that will allow the World Bank and Asian Development Bank to fund a feasibility study leading to a decision next spring on the financial structure of the project.

(U) DFID

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¶10. (U) SCA DAS Evan Feigenbaum, SCA Senior Adviser Robert Deutsch, EUR/ACE Director Tom Adams, EUR/ACE Deborah Klepp, and Econoff (notetaker) met with DFID Head of Europe and Central Asia Pauline Hayes and her team of Central Asian development experts at DFID. FCO Central Asia Section Head Mike Welch also attended.

¶11. (SBU) Feigenbaum and Deutsch briefed on the rationale for Central/South Asia regional economic integration, including the State Department's bureaucratic reorganization.

¶12. (SBU) Adams explained how the U.S. coordinates assistance and described USG assistance programs and priorities. After September 11, Adams explained, Central Asia as a whole received approximately \$600 million per year at the high point, with half of that assistance going to Uzbekistan. These numbers have decreased since then, with approximately \$150 million to the region in FY06. USG assistance to Uzbekistan is down to \$25 million. Adams described the difficulties of providing assistance in Uzbekistan, where the GOU is expelling U.S. assistance implementers. Although Uzbekistan forced the International Republican Institute to leave, Karimov is still allowing the National Democratic Institute to operate because he likes the approach of its country representative, who emphasizes the philosophy of democracy and not Uzbek shortcomings. The USG has been successful in getting some funds to Uzbek NGOs via the Russian banking system.

¶13. (C) Adams noted that the Kyrgyz Republic is likely to receive Millennium Challenge Threshold status at the November 9 MCC board meeting. This would mean \$15-20 million in assistance over two years to improve governance indicators, focusing on judicial reform. The threshold program will hopefully allow the Kyrgyz to make the reforms necessary to apply for MCC compact status, which could provide \$300 million additional assistance over 4-5 years, based on the programs in Georgia and Armenia.

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¶14. (C/NF) Hayes noted that in Central Asia DFID only has bilateral programs in the Kyrgyz Republic and Tajikistan, due to their high poverty levels. She said DFID has put in a request to increase UK assistance there sharply in the next 3-5 years, from GBP 5.5 million in the Kyrgyz Republic and GBP 3.5 million in Tajikistan in 2006-7 to GBP 10 million each by 2010. DFID keys its bilateral development strategies to the World Bank Poverty Reduction Strategy Programs (PRSPs). To reduce duplication, the UK is coordinating assistance and drafting a joint donors' country support strategy with the UN, World Bank, Asian Development Bank and the Swiss. Germany, her staff added, declined to participate in the joint donor strategy process because it wants to explore a regional approach. Hayes commented that DFID might consider working in Turkmenistan if the GOT changes its policies, but cautioned that DFID is trying to reduce the number of its programs overall.

¶15. (C/NF) To inform the joint donor strategy, DFID

commissioned a restricted-distribution report on "drivers of change" in the Kyrgyz Republic drafted by a knowledgeable expatriate not part of HMG. The surprising findings were: (1) donors need to work more strongly outside the government, such as media and civil society; and (2) donors need to engage more broadly and communicate what they are doing, as there is the perception that some donors (especially the World Bank) are too close to the government. DFID agreed to share the report in confidence with EUR/ACE and said they would like to do a similar report for Tajikistan in the December-January timeframe.

¶16. (U) DAS Feigenbaum cleared this message.

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